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HARMFUL EFFECTS OF INDUSTRIAL COMBINATIONS ON LABOR CONDITIONS

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The last decade has seen a great industrial advancement, but we have also witnessed a more proportionate growth of monopolies. A combination of business interests ought to be a blessing to humanity, and would be so if the promoters kept in view the welfare of the masses, but under a system of private gain or self-appropriation at any cost it proves to be a curse.

John D. Rockefeller, president of the Standard Oil Company, in a written statement submitted to the Industrial Commission, January 10, 1900, gave the following as some of the advantages of industrial combinations: (1) Command of necessary capital; (2) extension of limits of business; (3) economy of business; (4) power to give the public improved products at less prices and still make a profit for stockholders; and (5) permanent work and good wages for laborers.

That the great industrial combinations have succeeded in commanding the necessary capital will hardly be questioned. That they have succeeded in extending the limits of business is an acknowledged fact. That they have mastered the principle of economy will be accepted without contradiction, so far as they apply to working conditions and decreased cost of production. That they have the power to give the public improved products at less prices, while true, does not follow out in general practice. That they make a profit for stockholders is evidenced by their immense earning power, and by the high prices for which they sell their product. That they furnish permanent work and good wages for laborers is not borne out, taking as a criterion the largest combination in the steel industry, the United States Steel Corporation. Not over five per cent of their men earn over \$5.00 per day, twenty-three per cent receive \$2.50 up to \$5.00 per day and seventy-two per cent \$2.50 per day or less.

For common labor the average price in all their plants is about sixteen cents per hour, computed on rate paid in Pittsburgh, Chicago, and Birmingham, Alabama. A majority of the employees work a

twelve-hour day and twenty per cent of the 153,000 employees of the blast furnaces, steel workers, and rolling mills customarily work seven days per week. The hardship of twelve-hour days and a seven-day week is still further increased by the fact that every week or two weeks, as the case may be, when the employees of the day shift are transferred to the night shift, and vice versa, employees remain on duty without relief eighteen or twenty-four consecutive hours, according to the practice adopted for the change of shifts. The most common plan to effect this change of shifts is to work one shift of employees on the day of change through the entire twenty-four hours, the succeeding shift working the regular twelve hours when it comes on duty.

Since the formation of our large industrial combinations there has been a marked increase in production, made possible partially through the introduction of improved machinery and continuous operation, which in turn has increased the mental and physical strain of the workers engaged in the industry.

It was expected that the introduction of improved machinery would lighten the burden of the toilers and would be instrumental materially in decreasing poverty. This expectancy has not been realized. Instead of making the burdens of the workers lighter, instead of decreasing poverty in the ranks of the workers, we find that the gap between the rich and the poor, between employer and employee, is becoming wider day after day, labor conditions are becoming more oppressive and the struggle for existence more intense.

In the realms of industry the big mill is absorbing the little mill; in the business world the big store is crushing out the little store; in the rural districts the great farm is absorbing the little farm. Those who were formerly landlords are now tenants, former employers are now employees, in industry a new invention is introduced, and the mechanic, like Othello, finds that his occupation is gone.

Among the workers the feeling of unrest is increasing daily, brought about by intolerable conditions which cannot last. Yet we are wondering why so many of the toilers are looking to and advocating the ballot as the only means of redemption from industrial slavery.

The mere formation of combinations is no ground for complaint, providing their formation enables them to place the manufactured product in reach of the consumer at a reduced price. When, however,

combinations fail to do this, but seek only to secure large financial returns at the expense of the consumer, and the expense of labor, by increasing the price of the manufactured product, and by reducing wages it becomes a menace not alone to the workers, but to the country at large.

By reason of the vast improvement in machinery, a laborer can now produce much more than he could formerly under the old conditions, hence is entitled to a fair share of the increased product. As a rule he is not getting it. The consumer, too, is entitled to a fair share in the reduction of the cost of production. He is not getting it. The vast bulk of the profit realized through the introduction of modern machinery and continuous operation by the workers is confiscated for the benefit of a bare handful of men. This concentration of wealth with its unequal distribution, its accumulation in the hands of a few, leaves a mass of wealth producers in poverty and neglect. A retrospective glance into the pages of history will demonstrate that this is one element that contributed largely to the destruction of mighty empires which have gone before, and is the rock upon which our own republic will be wrecked if ways and means are not adopted to check its onward course.

A comparison of labor conditions under our modern industrial system with those in existence before the era of large combinations shows conclusively that the conditions of the workers from an economic and social standpoint were much superior under the old method of independent operation. Under the present industrial system the workers do not enjoy the same freedom, and do not have the same privileges accorded them as they did under the old system. It was the general rule under independent operation that the owner of the plant, he who had his money invested in the proposition, was the general manager of the concern, not theoretically, but practically. This enabled him to come into close contact with the men he employed. It was a common occurrence under the old system for men to spend their entire lives in the employ of one particular firm or corporation. Their long years of service made them feel as though they were a part of the concern, which in reality they were. They felt that the success of the company was their success, that the disgrace of failure was their failure, hence a perfect system of co-operation prevailed.

As illustrative of the feeling that existed between employer and

employee the following is a case in point. A product of old Erin had spent his entire working life in the employ of a company engaged in the glass industry, and had grown old in the service. One of the owners occupied the position of general manager, having a superintendent to assist him in taking care of the physical equipment of the plant. On one occasion it became necessary to make a change in the superintendency. The new superintendent on assuming charge noticed the old gentleman already referred to, and felt that the weight of years rendered him incapable of giving the service that a younger man was capable of giving, hence the superintendent informed the old gentleman that after one week his services would be dispensed with. To the consternation of the superintendent he was told that he did not have the power to discharge him, in language which, if not elegant, was forcible, assuring him that he was a part of that concern. Feeling a little disturbed, the old fellow went into the office, related the incident to the owner, when he was asked as to what reply he had made to the superintendent. In reply he stated the conversation that had taken place, which elicited a hearty response from his employer. It goes without saying he was not discharged. In this case there was a responsive feeling between the employer and employee which is entirely lost under modern industrial conditions.

In direct contrast the following incident came under my notice as to methods that are sometimes employed by modern industrial combinations. A man in the prime of life, a skilled mechanic, went into a machine shop to apply for a position. Going to one of those in charge, he inquired as to whether they needed men and was informed they did, but was soon assured that he did not have a chance to secure employment, as his gray hair indicated that he had spent a long number of years in the service, hence his usefulness was in a measure impaired. However, he was one of those men who can readily adapt himself to any condition that confronts him, and realizing that he could not get employment on account of his grey hair he repaired to a barber shop, had his hair trimmed and afterwards dyed black, when he returned to the very same shop and secured employment. He is to-day giving useful service in the employ of one of the large industrial corporations and bids fair to continue doing so for a long tenure of years.

The majority of those who are financially interested in modern combinations as a general proposition are far removed from the center

of activity, know little or nothing regarding the human side of the proposition, are entirely inaccessible to the employees, and depend entirely upon supernumeraries for information, who in many instances are more interested in the bonuses they receive than they are in the human problem.

Owing to the competition that exists between the various plants owned and controlled by industrial combinations, the rivalry to reduce cost of production has had the effect of pitting the management of the various plants one against another. This condition has been brought about by a system inaugurated for the purpose of operating plants at the least minimum cost. Information from the higher authorities is imparted to the superintendent that a plant in a certain locality is operating at a ten or twenty per cent lower cost. In order that he can meet the conditions prevalent in this particular plant, he speeds his employees to the limit of human endurance, and in some cases accomplishes his end by reducing the working force.

Under the old method of independent operation each plant was separate and distinct in itself. The competition among the superintendents did not exist, hence the method of competition in this respect was not in evidence, which in turn resulted that the workers enjoyed better and more humane conditions. The speeding process as we know it to-day did not exist. In addition the representatives of the men and those who were directly interested met around the table and thrashed out their differences. Under present industrial conditions propositions affecting employers and employees are not discussed freely and fairly, that condition prevailing only so far as it affects concerns who are still operating under the old independent method. Large industrial combinations will not deal with the representatives in any capacity, and when some of them who now refuse to discuss the problem that exists between capital and labor did deal with the representatives of labor they did not do so with the same characteristic candor that marked the conferences held under the old method of operation. This has been directly resultant in estranged relations and explains the embitterment of the once cordial relations of employer and employee.

Nor is it alone in the matter of wages and hours of labor that the workers have been affected by combinations of capital. Their very opportunities for making a living have been largely circumscribed. Indeed it may almost be said that the very laws of supply

and demand have been set at naught. Let me give you an example. Some years ago the busy little manufacturing city of New Castle, Pa., was aflame with excitement because some of its enterprising citizens had announced the formation of a company for the erection of a plant for the manufacture of wire nails, starting at the raw material and finishing at the nail itself. They built that plant and hundreds of operatives came flocking into the city with their families, and the city grew as if by magic. The plant prospered and so did its employees. Many bought homes on monthly payments and what were once farms became thickly settled sections of the workingmen's district of the town. This success in turn brought in new business houses, and prosperity was seen on every side. Then came the gentlemen's selling agreement between manufacturers of wire nails and a system of allotments of production was made. New Castle mill worked so many days, made so many nails, then shut down so many days while the plant at Salem, Ohio, or somewhere else worked. Thus production was decreased and the prices were maintained. Next came along the big trust and gobbled up the New Castle plant. It was closed down and never a wheel was turned in it again. Some of the machinery was removed, some stood in the mill for years and was then sold for junk. But the men, what of them? Many of them had reached an age when it was too late to learn a new trade, their homes were partly paid for, these they could not leave to go to some other city without losing the payments they had made, and they suffered. Had the New Castle Wire Nail Company remained independent the homes of the workers would have been secure, for with its equipment the nail plant would have been steadily in operation. There was no natural requirement for the closing of the mill. It did not reduce the price of nails, nor did it increase the wages of the men. It did not increase the opportunities for securing labor as a wire nail operator, but, on the contrary, circumscribed them. The trust centralized its plants, increasing its great profits, while the producer of all this wealth received absolutely no benefit. Indeed those who did follow the trust to the scene of its centralized operations were forced to go into the new town sites where their children had few if any opportunities for securing an education. The shell of the immense idle mill at New Castle still stands, a monument to what was and a reminder of what might have been. But that is not all. Before the formation of the great trust there were many small foundries and machine shops which flourished

wherever there was a mill by doing the work of those concerns, but with the inauguration of the trust these small concerns were denied the right of existence because the big trust did and does its repair work in its own shops, and such plants as the Vulcan foundry and machine companies at New Castle, Pa., were driven out of business and their employees had to seek other avenues to earn a livelihood.

Before the organization of modern industrial combinations, the hours of labor were shorter, which in turn gave the workers some time for mind culture, some time to devote to the home and some time for social enjoyment. The physical requirements were not so great. To-day in the iron and steel industries, outside of those plants engaged in the manufacture of sheet and tin plates, the twelve-hour work-day is almost universal. This means practically fourteen hours per day, which gives the worker practically ten hours to devote to his family and public duties, with practically no time for recreation.

The workingman loses his individuality as soon as he enters one of our modern industrial plants. He becomes but an atom in the great aggregate of this industrial system, and his only hope of regaining his social and economic individuality is by uniting with his fellow workmen in a movement through which he will be able to secure a joint bargain with his employer for the labor he has to sell.